

Medicaid Transformation Grants to States

OVERVIEW INFORMATION

Agency Name

Health and Human Services/Centers for Medicare & Medicaid Services/Center for Medicaid and State Operations

Funding Opportunity Title

Medicaid Transformation Grants to States for the adoption of innovative methods to improve the effectiveness and efficiency in providing medical assistance under Medicaid.

Announcement Type

Second Solicitation - The initial Medicaid Transformation Grant solicitation specified that \$150,000,000 was available in grants for Federal fiscal years 2007 and 2008. CMS has awarded 32 Medicaid transformation grants to 26 States totaling \$98,059,694. The remaining \$51,940,306 (\$22,445,721 for FY07 and \$29,494,585 for FY08) will be awarded through this solicitation.

Funding Opportunity No.

HHS-2007-CMS-MTG-0010

Catalog of Federal Domestic Assistance No.

93.793

Key Dates

- Application posting date: April 30, 2007
- Application due date: June 15, 2007

FULL TEXT OF ANNOUNCEMENT

I. Funding Opportunity Description

On February 8, 2006, President Bush signed into law the Deficit Reduction Act of 2005 (DRA) (Pub. L. No. 109-171). Section 6081 of the DRA adds a new subsection (z) to section 1903 of the Social Security Act (the Act) which provides grant funds for the adoption of innovative methods to improve the effectiveness and efficiency in providing medical assistance under Medicaid. The Centers for Medicare & Medicaid Services (CMS) will make grants available from the appropriations authorized under section 6081 of the DRA for the costs of the creation and initial operation of technological innovations that are more aligned with today's Medicaid population and the health care environment.

New subsection (z) under section 1903 of the Act specifies the criteria for the grants and lists examples of the permissible use of Medicaid Transformation Grant funds. Examples of the permissible use of funds include but are not limited to:

- Methods for reducing patient error rates through the implementation and use of electronic health records, electronic clinical decision support tools, or e-prescribing programs;
- Methods for improving rates of collection from estates of amounts owed under Medicaid;
- Methods for reducing waste, fraud, and abuse under Medicaid, such as reducing improper payment rates as measured by annual program error rate measurement (PERM) projects;
- Implementation of a medication risk management program as part of a drug use review program under section 1927(g);

For purposes of this grant program, a “medication risk management program” means a program for targeted beneficiaries that ensures that covered outpatient drugs are appropriately used to optimize therapeutic outcomes through improved medication use and to reduce the risk of adverse events. Such a program may include the following elements:

- The use of established principles and standards for drug utilization review and best practices to analyze prescription drug claims of targeted beneficiaries and identify outlier physicians.
- On an ongoing basis provide outlier physicians: a comprehensive pharmacy history for each targeted beneficiary under their care; information regarding the frequency and cost of relapses and hospitalizations of targeted beneficiaries under the physician's care; and applicable best practice guidelines and empirical references.
- Monitor outlier physician's prescribing, such as failure to refill, dosage strengths, and provide incentives and information to encourage the adoption of best clinical practices.

The term “targeted beneficiaries” in the above description means Medicaid eligible beneficiaries who are identified as having high prescription drug costs and medical costs, such as individuals with behavioral disorders or multiple chronic diseases who are taking multiple medications.

- Methods in reducing, in clinically appropriate ways, Medicaid expenditures for covered outpatient drugs, particularly in the categories of greatest drug utilization, by increasing the utilization of generic drugs through the use of education programs and other incentives to promote greater use of generic drugs; and
- Methods for improving access to primary and specialty physician care for the uninsured using integrated university-based hospital and clinic systems.

Section 1903(z) encourages states to “adopt innovative methods to improve the effectiveness and efficiency in providing [Medicaid],” a goal which is reflected in the President’s Initiative. The Secretary encourages States to apply for grant funds to establish:

- Methods to increase health care transparency which provide consumers with the information and the incentives to choose health care providers based on value. Examples from current State pilots from Medicare’s “Better Quality Information to Improve Care for Medicare Beneficiaries” that could be replicated in the Medicaid program include:
 - Initiatives to collect and report performance data, promote comparable quality measures, and create efficient data collection;
 - Collaborations aimed at improving the quality of health care and creating a common, secure, electronic infrastructure to expand information sharing;
 - Creation of a broad-based health care coalition to promote valid, comparable measures to drive quality improvement;
 - Initiatives to collaborate to improve community health, build an IT infrastructure, ensure access to data, report value data, and promote beneficiary involvement.
 - Developing verifiable measures for public reporting.

II. Award Information

- Award Type:	Grant
- Total amount of funding:	\$51,940,306
- Anticipated number of awards:	Multiple awards
- Individual award amounts:	Amounts will vary per application.
- Anticipated award date(s):	no later than September 30, 2007
- Period of performance:	September 30, 2007 – March 31, 2009
- Whether renewal or supplements of existing projects are eligible to compete with new awards:	All State Medicaid Agencies are eligible to apply.

III. Eligibility Information

1. Eligible Applicants

All State Medicaid Agencies are eligible to apply for a Medicaid Transformation Grant. (The term “State” means any of the 50 States, the District of Columbia and the U.S. Territories.)

2. Cost Sharing or Matching

No cost sharing or matching applies to Medicaid Transformation Grants to States.

IV. Application and Submission Information

1. Address to Request Application

A complete electronic application package, including all required forms for the Medicaid Transformation Grants is available at www.grants.gov.

Standard application forms and related instructions are also available from Ms. Joi Grymes, Centers for Medicare & Medicaid Services, Office of Acquisition and Grants Management, Mail Stop C2-21-15, 7500 Security Boulevard, Baltimore, Maryland 21244-1850. Ms. Grymes can be contacted at (410) 786-7251 or by e-mail at Joi.Grymes@cms.hhs.gov.

2. Content and Form of Application Submission

A. Form of Application Submissions – Only in the event that the electronic submission of the application has failed through www.grants.gov should the applicant submit an original and two copies of the application, which must be in the following format:

- 8.5” x 11” letter-sized white paper with 1” margins (top, bottom, and sides);
- No binding, staples, or tabs;
- Written in English with black ink;
- Single-sided, single-spaced, using no smaller than 12 point font;
- Narrative sections sequentially numbered; and
- Application must be paginated.

If the electronic submission of the application has failed through www.grants.gov, the applicant should include a copy of the failed submission notice from www.grants.gov with the paper application submission.

B. Contents of the Application Package

1. Grant Application Submission Check-off Coversheet - This form is only intended to assist the applicant in identifying the contents of the completed grant application for submission to CMS.

2. Standard Forms (SF) - Standard forms must be completed using the instructions provided at: http://www.grants.gov/agencies/forms_repository_information.jsp. The following standard forms must be completed with an original signature and enclosed as part of the application.

SF 424: Application for Federal Assistance
SF 424 A: Budget Information
SF 424 B: Assurances
SF LLL: Disclosure of Lobbying Activities

In the event that the electronic submission of the application has failed through www.grants.gov, the following website should be accessed for the standard forms: www.cms.hhs.gov/GrantOpportunities/.

3. Application Requirements -
- a. Proposal request must be from the State Medicaid agency.
 - b. Proposal must have approval of the State Medicaid Director.
 - c. Proposals may complement your other State Medicaid reform initiatives, other DRA provisions and/or involve collaboratives with other States' Medicaid programs.
 - d. A state may submit only one grant application.
 - e. A state may submit more than one proposal concept for consideration (**15 page limit each**) in the single grant application.
 - f. Grant awards are not be used for any state share or supplemental disproportionate share hospital payments.

3. Submission Date and Time

All grant applications must be received no later than June 15, 2007, in order to be considered on time. Applications submitted through www.grants.gov until 11:59 p.m. Eastern Time on June 15, 2007, will be considered "on time." All applications will receive an automatic time stamp upon submission and applicants will receive an automatic e-mail reply confirming receipt of the application.

Please note when submitting your application electronically, you are also required to mail a signed SF 424 to Ms. Joi Grymes, Centers for Medicare & Medicaid Services, Office of Acquisition and Grants Management, Mail Stop C2-21-15, 7500 Security Boulevard, Baltimore, Maryland 21244-1850. The **mailed** SF 424 form may be received at the Centers for Medicare & Medicaid Services within two (2) business days of the application closing date.

Any paper applications mailed through the U.S. Postal Service or a commercial delivery service will be considered "on time" if received by the close of business on the closing date or postmarked (first class mail) by the date specified. If express, certified, or registered mail is used, the applicant should obtain a legible, dated mailing receipt from the U.S. Postal Service. Private metered postmarks are not acceptable as proof of timely mailings.

Applications by facsimile (fax) transmission will not be accepted.

4. Intergovernmental Review

Applications for these grants are not subject to review by States under Executive Order 12372 “Intergovernmental Review by Federal Agencies” (45 CFR Part 100).

5. Funding Restrictions

- Grant applications requesting funds to be used for state share or supplemental Disproportionate Share Hospital (DSH) payments will not be considered.
- Indirect Cost - We recommend applicants review the Office of Management and Budget circulars in preparing budget information. This information is available at the following link: <http://www.whitehouse.gov/omb/circulars>.

V. Application Content/Review Information

1. Criteria (160 total point score/15 page limit)

The review team will use the following criteria in reviewing the applications:

- **Abstract (10 points) (single spaced, one page, not included in the page limit.)**
Provide a clear, concise description of the proposed project that should include the goals of the project, the total projected budget, a description of how the grant will be used to improve the efficiency and effectiveness in the Medicaid program and the expected outcome of the project.
- **Project Narrative (120 total points) – The project narrative should provide a clear description of each of the following:**
 - ***Statement of Project/Need (15 points)*** – Describe the project, discuss why this project is needed and describe the innovation of the project.
 - ***Project Justification (15 points)*** – Describe how the project will cause /contribute to improving the effectiveness and efficiency of the State’s Medicaid program.
 - ***Project Goals and Outcomes (15 points)*** – Describe the goals and anticipated outcomes/impact of the project. If applicable, also describe the technology that will be used and if it adheres to accepted industry standards.
 - ***Estimate of Impact to Beneficiaries (15 points)*** – Describe the projected number of individuals that will be directly affected by the project and clearly define the project target area (i.e. county, region-wide, statewide).
 - ***Description of Magnitude of the Transformation/System Change (15 points)*** – Describe the size and scope of the project in terms of transforming the current Medicaid system and discuss the potential for replication of the project in other States or regions in the applicant’s State.
 - ***Description of Sustainability of the Project (15 points)*** – Describe the State’s plan to sustain the project after the grant funding is exhausted.

- **Evaluation Plan (15 points)** – Describe the evaluation plan of the project (at a minimum the State needs to ensure compliance with the statutory reporting requirements of new section 1903(z)(3)(C)(ii) & (iii) of the Act).
- **Description of Project Implementation Readiness (15 points)** – Describe the State’s ability and plan for implementation of the project. The description should include implementation tasks/timeline with milestones and status.
- **Budget (30 points) – The budget section must include the following:**
 - **Estimated budget total-** Provide the budget break down by the requested Federal grant amount and separated by each grant year (FFY 2007 and FFY 2008).
 - **Total estimated funding requirements for each year** – Provide estimated funding requirements and description for each year for each of the following line items.
 - Personnel/Fringe benefits
 - Contractual cost, including consultant contracts
 - Supplies
 - Equipment
 - Other costs- provide clear description and justification

2. Review and Selection Process

A team consisting of staff from CMS will review all applications. The team will meet as necessary on an ongoing basis as applications are received.

3. Anticipated Announcement and Award Date

The anticipated award date is no later than September 29, 2007.

VI. Award Administration Information

1. Award Notices

A. Grant Awards - Notification and Award Letter

Grant awards will be awarded for the full two-year period of FFY 2007 and 2008. Specifically, funding will be awarded in 2007 from the FY 07 allocation and 2008 funding will be provided from the FY 08 allocation, which is contingent upon FY 2008 appropriations. Successful applicants will receive a Notice of Assistance Award (NOA) signed and dated by the CMS Grants Management Officer. The NOA is the document authorizing the grant award and will be sent through the U.S. Postal Service to the applicant organization, as listed on its SF 424. Each grantee will receive an award and NOA for approved FFY 2007 grant funds and a separate award letter and NOA for FFY 2008 grant funds, contingent on the FY 2008 funding appropriation. Any communication between CMS and the applicants prior to

issuance of the NOA does not constitute authorization to begin performance of the project.

Grants determinations are not subject to appeal.

B. Grant Administration

Grant awards and allocations will be based on the number of states that apply and that meet the grant criteria. The Secretary will be specifying a method for allocating the grants funds available among the states. The method will provide preference for States that design programs that target health providers who treat significant numbers of Medicaid beneficiaries. The method must provide that not less than 25 percent of the funds shall be allocated among States the population of which (as determined according to data collected by the United States Census Bureau) as of July 1, 2004, was more than 105 percent of the population of the respective State (as so determined) as of April 1, 2000 (see note below). Grants under this provision will be made in the same manner as other payments under section 1903(a) of the Act. There is no requirement for State matching funds to receive payments under this subsection.

(Note: States with 5% growth 2000-2004: Arizona, California, Colorado, Delaware, Florida, Georgia, Idaho, Maryland, Nevada, New Hampshire, North Carolina, Texas, Utah, Virginia, Washington. Source: Annual Estimates of the 1 Population for the United States and States, and for Puerto Rico: April 1, 2000 to July 1, 2005 (NST-EST 2005-01), Population Division U.S. Census Bureau; Release Date: December 22, 2005.)

Payments will be subject to the terms and conditions included in the grant awards and subject to the submission of an annual report on the programs supported by the payment to the State. The required annual report must include information on (as required by the new section 1903(z)(3)(C) of the Act):

- The specific uses of the payment;
- An assessment of quality improvements and clinical outcomes under the programs; and
- Estimates of cost savings resulting from the programs.

C. Grant Acceptance

Awardees must submit a letter of acceptance to CMS, within 30 days of the date of the award, agreeing to the terms and conditions of the award letter. The letter should be mailed to: Ms. Joi Grymes, Centers for Medicare & Medicaid Services, Office of Acquisition and Grants Management, Mail Stop C2-21-15, 7500 Security Boulevard, Baltimore, Maryland 21244-1850.

2. Administrative and National Policy Requirements

A. Specific administrative and policy requirements of awardees as outlined in 45 CFR Part 92 apply to this grant opportunity.

B. Terms and Conditions – The awardees will be required to comply with the special terms and conditions associated with this grant award.

3. Reporting

A. The awardees must submit a quarterly report to CMS documenting the expenditure of the grant funds (SF-269a) and the progress of the Medicaid Transformation Grant initiative. These reports will continue to be submitted until all grant funds have been spent. See 45 CFR Part 92.

B. The grantee shall submit an annual written report to the Project Officer consistent with the requirements of Section 1903(z)(3)(C) of the Act that includes (1) specific use of payments, (2) an assessment of quality improvements and clinical outcomes and (3) estimates of cost savings resulting from the program no later than 90 days from the end of the Federal fiscal year for which funds were awarded.

C. The awardees must keep sufficient records of the grant expenditures since the awardees may be subject to an audit. See 45 CFR Part 92.

VII. Agency Contacts

CMS Contact Information

Administrative Matters

Ms. Joi Grymes
Grants Management Specialist
Centers for Medicare & Medicaid Services
Office of Acquisitions and Grants Management
Mail Stop C2-21-15
7500 Security Boulevard
Baltimore, Maryland 21244-1850
Telephone: (410) 786-7251
Facsimile: (410) 786-9088
E-mail: Joi.Grymes@cms.hhs.gov

Technical Matters

Ms. Tonya Moore
Health Insurance Specialist
Centers for Medicare & Medicaid Services
Center for Medicaid and State Operations
Mail Stop S2-01-16
7500 Security Boulevard
Baltimore, Maryland 21244-1850
Telephone: (410) 786-0019
Facsimile: (410) 786-5882
E-mail: Tonya.Moore@cms.hhs.gov

VIII. Other Information

ATTACHMENT I - Grants Application Submission Checklist

ATTACHMENT I
CENTERS FOR MEDICARE & MEDICAID SERVICES
MEDICAID TRANSFORMATION GRANT APPLICATION
SUBMISSION CHECK-OFF COVERSHEET

DATE: _____ STATE: _____

PROGRAM NAME: _____

Grant Application Submission Check-off Coversheet

Please mark an “X” beside all documents included in your application. If the item is not applicable mark “N/A” next to the item. This form should be placed on top of the actual application after your cover letter. Please verify that all items are present in your grant application.

STANDARD FORMS (please secure all necessary original signatures as specified)

- ___ Standard Form 424:
- ___ Standard Form 424 A: All required sections
- ___ Standard Form 424 B: Assurances
- ___ Standard Form LLL: Disclosure of Lobbying Activities

PROGRAM DESCRIPTION (15 page limit)

Abstract

- ___ Description of the project’s goals.
- ___ Description of the total projected budget.
- ___ Description of how the grant will be used to improve the State’s Medicaid program.
- ___ Description of the expected outcome of the project.

Project Narrative

- ___ Statement of Project/Need
- ___ Project Justification
- ___ Project Goals and Outcomes
- ___ Estimate of Impact to Beneficiaries
- ___ Description of Magnitude of the Transformation/System Change
- ___ Description of Sustainability of the Project
- ___ Evaluation Plan
- ___ Description of Project Implementation Readiness

___ **Budget**

___ **Contact Person(s)**